



Today we would like to report about our recent journey to Kenya, which was strenuous but rewarding. From the 8th until the 13th of November we spent three days in Mutonga (Region Mount Kenya) and three days in Nyanza (Province west of Kisumu on Lake Victoria). With the support of ChildFund Germany, ChildFund Kenya organized the trip superbly, generously providing us with vehicles and drivers as well as project managers to accompany us. This newsletter provides a brief overview of the trip, summarizes what we learned from the schools and VS&L Projects visited and draws some conclusions for the future work of our Child Development Fund (CDF).¹

In Mutonga we first visited a kindergarten with an integrated sewing school. We inquired there about their need for support and the possibility of producing simple children's clothing, possibly for the Berlin market. We also visited a primary school and in particular two secondary schools attended by children that the CDF supports. We had extended conversations with both school directors, toured parts of the schools and visited one of the classes. In the opinion of the directors, the lack of teachers and spacious classrooms are the major concerns. Another major problem is the inadequate (sometimes disastrous) sanitary facilities. Libraries do not exist or are in a miserable state. Learning materials are scarce and frequently two or three pupils have to share a single text book. Computers available are out of date and one gains the impression that computer firms (or other "generous" donors) treat the schools more as a dumping place for old hardware rather providing real support for education. Sex education is either inadequate or non-existent. Children, above all girls, still leave school because they cannot afford school fees (or other school related outlays), have to work in the fields or to care for younger brothers and sisters.²

¹ The detailed report („Child Development Fund: Reisebericht 2010", 41 pp.) can be downloaded from our homepages: www.editionpamoja.de; www.guentherschmid.eu.

² We were able to supplement these experiences through long conversations with the director of a secondary school (and school visit) and a dedicated NGO manager during our stay on the island of Zanzibar.

Highlights were visits to three VS&L groups.³ The basic principle is the self- organization of a group of 10 to 25 members who have the common goal of saving voluntarily. The contributions to savings are usually weekly, sometimes monthly. Although the individual amounts saved are small (about €1 -€2 per month), a group of 20 constitutes a considerable savings potential. Group members can borrow funds at interest, usually 10%. The loans are supposed to be repaid within a period of one to six months.

The VS&L thus represent a form of savings and credit association. Their primary goal is to overcome the barriers to credit faced by poor single persons (especially widows), or families, and thus give them access to capital. Because these loans are based on their own savings contributions, there is – in contrast to micro credits – less fear of falling into debt and further impoverishment. The loans can also serve as a form of self-insurance to help with small but important extra financing to cope with emergencies or the threat of hunger. Currently there are also efforts to develop a system of micro insurance in order to provide additional financial backing for the loan funds.

In spite of our considerable experience in Africa, we were again moved by the excited reception we met. We sensed the enthusiasm of the groups and were touched by their eagerness as well as by the in part desperate hopes. The living conditions in this region, which is plagued by month- long droughts, are hard. Some of the 11 VS&L groups that were established here failed because of the unusually long 2009 drought. For shorter-term problems due to crop failures or fluctuations in income the VS&L groups seem to be very effective and beneficial. The groups engaged in raising goats (buying cheap, fattening and selling them at a higher price) and gardening (seedlings for vegetables and trees) were successful; others – like the weaving groups – seemed not yet well established. And we were also shown a number of water tanks, water shops ('water kiosks') and water pipes that demonstrated successfully decentralized systems for drinking water and irrigation. A further project supported by an international organization was well conceived, but failed miserably because it did not adequately include the local community.

³ *Voluntary Savings & Loan*; also sometimes translated as *Village Savings and Loan*, apparently because the communal aspect plays a large role.

In Nyanza, we visited four additional VS&L groups that were part of the project "Support for Grandmother's Hut". This project, which is supported by the ChildFund Germany and another foundation, has as its goal the generation of income for a total of 980 grandmothers. In this way, the situation of 4,900 orphans or vulnerable children shall be improved. HIV and AIDS are especially widespread in this poorest region of Kenya. As a consequence, often only the grandparents, or other relatives, are able to feed, care for and raise the children. Frequently this task is also assumed by older siblings to the detriment of their own education, or even the possibility of attending school. Furthermore, four groups of youth with 15 members each receive training on the functioning of the VS&L's in order to assist and advise the grandmothers; a principal concern, thereby is to counteract the frequent discrimination of orphans or other vulnerable children and their caregivers.



Our experiences here correspond to what was described above but were more intense because we were able to observe the VS&L groups directly in the course of their transactions. We also had the opportunity to learn of the problems from the point of view of the children cared for by their grandmothers. It became clear, for example, that the children are more frequently sick than others – an aspect that needs to be giv-

en greater attention. Moreover, care needs to be taken that the already reduced capacity of the grandmothers to work and earn money is not further strained by the need to borrow to pay school fees or for medicine.



In summary, the VS&L mini-credits appear to contribute to the stabilization of income and provision of necessities for the group members, even though the amounts paid in are very small. This fact alone is, from the perspective of our foundation (*child development*) of enormous significance. The poor suffer not only from low income but also from very unstable incomes. Living with "less than a dollar a day" can mean adequate food and drink for a few days or weeks and then days or weeks without enough. Apart from the immediate suffering, this has catastrophic and long-term consequences for the health and intellectual development of children. Greater stability in the supply of healthy food and water is a priority goal of "development", as nutritional scientists emphasize.

We also learned that, in addition to the economic goal (combating extreme poverty) the importance of the social aspect should not be underestimated. The VS&L concept is apparently suitable for developing a culture of saving and mutual (also non-monetary) support. One may therefore rightly describe it as a social movement of grassroots democratic solidarity. Moreover, there is a serious effort to develop

through the VS&L groups understanding for micro insurance in order to further support them. Only in this way can the small savings amounts be primarily made available for income increasing activities.



It is at the moment, however, unclear whether the VS&L groups will be able to achieve a self-sufficient economic level that goes beyond that of the prevailing subsistence economy. This approach is, of course, not intended to create growth-oriented enterprises, but serves primarily to combat extreme poverty. Nevertheless, the wish to attain better sources of income was very apparent. We got the impression that the barriers to substantial and sustainable income can only be overcome by four pathways: first, the spectrum of product and service needs to be expanded; second, product quality for market niches needs to be improved; third, increased productivity through appropriate (simple) machines, more effective planning methods, and/or irrigation systems; and fourth, more intensive marketing of products (for example, through linkages to markets going beyond the local area).

What conclusions should be drawn for our future work? Given the modest financial resources of our foundation, which are also largely based on ongoing contributions, our own experiences as well as the opinions we heard from project heads and program managers have reinforced our resolve to continue to focus our resources on keeping vulnerable children (orphans and half orphans from poor families) in school. We are considering three enhancements to our current practice: first, for many children the barrier to entering secondary school is so large that school grants should go especially to children whose transition to a secondary school is at risk for financial

reasons; second, in individual cases, consideration should be given to extending scholarships to very successful secondary school leavers who would otherwise be unable to attend a university due to the lack of public scholarships; third, there is obviously also the need to make scholarships available for those wishing to attend vocational schools. These scholarships should go on a priority basis to girls, without necessarily excluding boys in individual cases. The progress of the children should be documented on a regular basis.

The next step is, therefore, to increase the number of children supported in Mutonga from the present eight to ten and to support ten additional children in the Nyanza Region. In the Nyanza region it makes sense to link the selection of children to be supported to the VS&L groups of the grandmothers, because subsidizing their school expenses not only improves their economic situation, but also channels loans into activities that increase income. A fourth enhancement could be to assume the costs of the micro insurance for several years for the members of some VS&L groups in order not only to provide for their welfare but also to enable them to concentrate on income producing activities. Finally, we want to see whether we can finance a couple of sewing machines for the above mentioned Mutonga project, or can find a donor for this purpose. We shall keep in mind the planned project for hygienic measures (e.g. sanitary pads) for girls, as well as a book experiment mentioned in the longer report.

With this document, we would again like to request your continued financial support as well as assistance in interesting others for our Child Development Fund. We also look forward to any advice or suggestions you might have. We hope, moreover, that you have found our travel impressions interesting and thought-provoking (see also the longer version on our home page).⁴

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⁴ Contributions should be sent to: Child Development Fund (CDF) (Barbara und Günther Schmid), Bank für Sozialwirtschaft, Stuttgart, BLZ 601 205 00, Konto Nr. 778 1826; Swift Code/BIC: BFSWDE33STG, Account/IBAN: DE98601205000007781826. **Important!** Please give with the donation your private address and you will a receipt for contributions to a recognized charity.

⁵ We can be reached at the following E-Mail addresses: schmidhdb@aol.com; gues@guentherschmid.de. Please see our home pages for more biographical information about us: www.editionpamoja.de; www.guentherschmid.eu.